FOREIGN AGRICULTURE

December 22, 1975

Shrimp boats, 1938, Galveston

U.S. Fats and Oils Exports Recover

150th for Galveston Port

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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In this issue:

2 Modest Recovery Seen in '76 for U.S. Fats and Oils Exports By Alan E. Holz

4 U.S., USSR Set Plans for 1976 in Agricultural Cooperation By Roger S. Euler

5 World Tea Output To Show Slight Increase in 1975 By Rex E. T. Dull

6 Cotton Sales Skid Cuts U.S. Exports to Hong Kong

8 Port of Galveston Marks 150th Anniversary

10 Pakistani Wheat Output Up, Sufficiency Not Imminent By Arif Mahmood

12 Cocoa Output Emphasized in Nigeria

13 Crops and Markets

This week's cover:

Shrimp boats at Galveston, an important center for the shrimping industry. The port of Galveston marks its 150th anniversary in 1975, and U.S. farm exports have played a key role in its growth. See page 8.

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Modest Recovery Seen in '76 For U.S. Fats and Oils Exports

By ALAN E. HOLZ
Foreign Commodity Analysis, Fats and Oils
Foreign Agricultural Service

STRONG PRICES for most vegetable oils during the past 2 years have set the stage for a worldwide surge in oil production in 1976—a situation that points to keen competition in U.S. export markets next year. As a result, U.S. fats and oils exports in 1976 are targeted at just 4.25 million metric tons, oil basis, slightly over this year's depressed volume.

With foreign oil production expected to swell to 37 million metric tons in 1976, the United States is obviously no longer the "only store in town," and foreign customers are sure to be shopping around. Brazil's bite into U.S. markets, for example, is likely to be even bigger next year, especially since the record soybean crop expected next spring could boost oil output by 20 percent. And more Malaysian oil palm trees are now reaching bearing age, releasing huge quantities of this oil into world markets.

Globally, production of fats and oils in 1976 is now estimated at 48.6 million tons[1]—6 percent or 2.9 million tons above this year's rather poor showing. The increase is based on Northern Hemisphere crops already harvested in last-half 1975, combined with estimates for Southern Hemisphere crops yet to be harvested in the first half of 1976.

In the Northern Hemisphere, the United States, Canada, and India all registered net gains in oilseed production, while the Soviet Union chalked up a loss this year. In fact, the spurt in U.S. production, spearheaded by bumper soybean crops, will be responsible for about 28 percent of the annual world increase. The 1975 U.S. soybean crop at 1.52 billion bushels (November estimate) is 23 percent higher than 1974's, an increase which translates into an additional 1.3 million tons of oil. On the other hand, U.S. cottonseed output, depressed by reduced cotton planting, will be just 3.2 million tons, a loss of a fifth or 160,000 tons, oil basis, from last year.

In other northern areas, Canada's rapeseed crop at 1.6 million tons will add 170,000 million tons more oil to world supplies than last year—a rise of 40 percent. In India, an improved peanut crop, totaling 6.4 million tons, will increase oil supplies by 28 percent or 340,000 tons over last year.

Olive oil is following suit in 1975/76—an on-year for production—with output projected to be roughly 200,000 tons or a sixth above the reduced 1974/75 harvest.

Bucking the trend is the Soviet Union, where a poor sunflowerseed crop of probably less than 5.5 million tons will reduce oil supplies by a fifth or 500,000 tons below 1974's—a deficit likely to be remedied by imports of Brazilian beans, but which will reduce exports of sunflowerseed oil in 1976.

MOVING TO the Southern Hemisphere and crops not yet harvested, the outlook is as follows: Brazil—a key U.S. competitor—is expected to harvest about 11.5 million tons of soybeans next April and May which will represent 310,000 tons of oil more than this year's large volume—a 20 percent gain, in fact. In the Philippines, copra output is expected to total nearly 2.4 million tons—up 150,000 tons oil basis—or more than 10 percent over this year's expanded volume. Finally, output in the five top palm oil producer-exporter countries is forecast at 2.3 million tons—up 15 percent or 300,000 tons over this year's volume.

From this sharply higher production, world exports of fats and oils in 1976 are slated to expand by perhaps a million tons to nearly 15 million—largest volume in history. The vast majority

[1] **Data compiled as of November 19, 1975. Includes the oil equivalent of oilseeds and animal and marine oils, calculated on the basis of assumed oil extraction rates applied to that portion of each crop available for crushing and/or export and not actual crushings.**

of the expected trade thrust will be in soybean, palm, rapeseed, and coconut oils, most of which are available for export—as opposed to gains in olive and peanut oil, which will be retained for domestic consumption. Even with exports advancing strongly, however, the 2.9-million-ton production expansion expected in 1976 for these oils means stock may rise sharply in certain top producer-exporter countries, with soybean stocks probably heading the list.

But in spite of the predicted upturn in total world trade, U.S. soybean and oil exports are likely to be well under the peak levels achieved during 1970-74 for the second consecutive year. In 1976, U.S. exports will account for only 12 percent of the oil trade growth—compared with 58 percent of the annual growth during the 1965-74 period.

A NUMBER of factors cast a shadow on U.S. exports in 1975. Among these were heavy gains in foreign availabilities; high prices for most oils and fats, which may have reduced foreign purchases and caused some reduction in consumer stocks, as well as consumption; discounted palm oil prices, which caused price-conscious consumers to use more of this lower-priced oil; economic uncertainty, high unemployment, and reduced real incomes; and sharply reduced U.S. tallow and grease output, which cut export availability.

A key factor in this unusual year was the sharp decline in the 1974 U.S. soybean harvest. U.S. producers tended to hold their soybeans in view of market uncertainty. Poor growing conditions affected the oil content of the 1974 U.S. crop, causing some foreign customers to purchase increased quantities of Brazilian beans.

Vegetable oil prices have for some time been in a cyclical downturn—in relation to meal prices—a trend that could be temporarily interrupted, but that will probably continue next season.

This year, however, the situation is a little brighter. Lower prices and improved economic conditions could boost demand and lead to a resurgence of consumer stockbuilding. U.S. vegetable oil prices have declined sharply in recent months—a factor likely to stimulate domestic demand. In November, U.S. prices averaged about 19 cents per pound—less than half those of the same month a year ago.

If palm oil prices remain significantly under soybean oil prices, however, U.S. imports of palm oil will continue to expand in 1976, although probably less rapidly than in 1975. In 1975, the United States took over 20 percent of world palm oil exports, compared with 13 percent in 1974. Added to coconut oil imports, this import surge reduced U.S. soybean crushing and consumption requirements in 1974/75 by the oil fraction of 40 million bushels of soybeans.

Next year, U.S. exports will probably benefit from an expected rise in foreign oil consumption, although the lion's share will be taken from the 1.5-million-ton projected gain in foreign production. Apparent foreign consumption of oils and fats is estimated at just under 39 million tons in 1975—350,000 tons under 1974's. Actually, however, consumption probably remained about level with 1974's, owing to the large stock levels that were built during the 1974 production boom.

In brief, the world seems to be entering a period of more abundant supplies of fats and oils. Producers are likely to continue to face increasing production costs, but prices are likely to become more competitive, as producing countries strive to move more of their products into consumption.

In view of this, a closer look at the competition is in order.

The largest single competitive element that the United States faces in world markets is the large increase in palm oil exports being generated in equatorial countries such as West Malaysia, Sabah, Indonesia, and the Ivory Coast.

THE DIE was cast years ago when sizable acreages of this tree crop were established on plantations as an alternative crop for rubber. In recent years, an increasing number of these trees are coming to bearing age, while other trees planted years earlier are already producing larger yields as the bearing surfaces of the trees expand.

Most of this production expansion is not used locally but exported instead. Variable costs of production are relatively low and the product has been selling at a substantial discount relative to other oils such as soybean and cottonseed. The average oil palm plantation in major exporting countries produces over 10 times as much oil per acre as an average acre of U.S. soybeans.

Part of the reduction in U.S. soybean oil usage reflects the fact that large quantities of palm oil have been imported duty-free at discount prices. Competition from palm oil will continue for a good long while because many of the trees have been planted since 1960 and the economic life of the trees is approximately 30 to 35 years.

The majority of the expansion is underway in Malaysia, where oil palm plantings began to expand significantly in the early 1960's, promoted in part by rubber producers suffering the effects of declining rubber prices. The success of these private oil palm plantations stimulated additional plantings and attracted the interest of the country's economic planners.

Since the late 1960's, the bulk of Malaysia's oil palm expansion has been promoted by the country's Federal Land Development Authority, which has developed smallholder estates with the aid of foreign capital from several international financial agencies. The United States has traditionally been a significant contributor to these agencies ,which provide funds for a variety of development projects, including palm oil, in many countries.

Brazil's expanding soybean output has been the second largest single source of competition for U.S. exports of oils and fats in world markets. Brazil's expansion basically has resulted from four factors:

- Nearly one-half of Brazil's soybean crop is produced in Rio Grande do Sul, where a large share of the area is double cropped with wheat. Because of the Brazilian Government's desire to achieve self-sufficiency in wheat production, wheat acreage will likely expand and further gains from double cropped soybeans are expected.
- Brazil during the past decade has greatly expanded its cultivated soybean acreage. Sizable areas, potentially suitable for soybean production, are still not under cultivation, so that additional acreage expansion from new land is likely in future years if producer prices continue to favor this crop.
- Most Brazilian farmers, unlike many U.S. farmers, prefer to grow soybeans rather than corn. Brazilian corn yields on open-pollinated varieties without nitrogen fertilizer are about the same as bean yields, but prices for soybeans have been nearly double those for corn, so Brazilian farmers make more money producing beans than corn.
- Although most of Brazil's production gains have been from acreage expansion, yields have been trending up-

Continued on page 16

U.S., USSR Set Plans for 1976 In Agricultural Cooperation

By ROGER S. EULER
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UNITED STATES and Soviet conferees have agreed to exchange some 29 teams during 1976 in the fields of agricultural research, technology, and economics, under terms of the U.S.-USSR Agricultural Cooperation Agreement of 1973. This marks the third consecutive year that the two countries have exchanged agricultural teams.

Meeting in Moscow in October, the representatives to the Third Session of the U.S.-USSR Joint Committee on Agricultural Cooperation also agreed that overall progress during 1975 had been satisfactory—through some U.S. goals for exchange of economic information remained unfulfilled.

U.S. representatives at the meetings were led by Paul A. Vander Myde, Deputy Assistant Secretary of Agricultrue for Conservation, Research, and Education. The Soviet delegation was headed by Boris A. Runov, USSR Deputy Minister of Agriculture.

The Joint Committee reviewed the accomplishments of 1975 and considered methods for reducing the substantial programming problems that the team exchanges involve. The representatives exchanged information on the situation and outlook for production, utilization, and trade of major agricultural commodities in the United States and the USSR. U.S. officials expressed disappointment that the Soviets were no more forthcoming in giving actual estimates for the current year and immediate future than they have been in the past.

The Joint Committee also approved the reports and recommendations of the two subsidiary Joint Workings Groups —on Agricultural Research and Technology and on Agricultural Economic Research and Information—which met immediately prior to the Joint Committee Session.

The Research and Technology Working Group reviewed and approved its progress in 1975 and developed its plans for joint work and exchanges in 1976. New work plans generally were limited to the original areas of cooperation established in the 1973 Agreement, with intensification of joint research in several selected areas, such as seed exchanges and animal disease diagnosis.

The Economic Research and Information Working Group discussed its 1975 progress and approved further team exchanges and other activities for 1976. The U.S. delegation repeated previous requests for forward estimates of Soviet agricultural production, utilization, and trade, especially for grains. The Soviets maintained their position that the annual and 5-year goals they furnish fulfill their obligation, but they did indicate some willingness to provide more information in the future through cooperation in joint forecasting study.

Consultative meetings of both Working Groups will be held in Moscow in May and June 1976, and regular sessions of the Working Groups will occur in conjunction with the Fourth Session of the Joint Committee in Washington in September-October. Bilateral consultations on the U.S. and USSR agricultural situation and outlook will take place in the early summer and fall of 1976.

U.S.-USSR TEAMS SCHEDULED TO BE EXCHANGED IN 1976

Month	USSR to United States	United States to USSR
February	Economics of Meat Processing and Marketing	
March	Milk Production and Marketing	Forecasting Production and Use of Agricultural Commodities
	Farm Machinery Maintenance[1]	**Foot-and-Mouth Disease**
April	Forecasting Agricultural Production and Demand	**Durum and Spring Wheat Breeding**
	Gastroenteritis Study[2]	**Leukemia Study**[2]
May	**Winter and Spring Wheat Breeding**	Study of USSR 1976-80 Livestock Plans
	Agro-Industrial Complexes	**Workshop on Saline Soils**
June		Winter Wheat/Feedgrains
		Sunflower Conference (7th International) and Breeding and Growing Practices
		Physiology of Farm Animal Reproduction
July	**Farm Machinery Standards and Testing**	Spring Wheat
	Permanently Frozen Soils	**Permanently Frozen Soils**
August	**Machine Harvesting of Apples**	USSR Planning of Milk and Meat Production
	Grain Storage and Protection	
September	**Cotton Growing and Harvesting**	Sunflower Production/Vegetable Oil Consumption[2]
	Agro-Industrial Fruit and Vegetable Complexes	**Sugar Beet Breeding and Growing**
October	**Mono and Polyvalent Vaccines Production**	Grain Storage
November	Study of USDA and State Statistical Reporting	
Research and Technology Teams		Economic Teams

[1] Final agreement still pending. [2] To be on experimental receiving-side-pays basis.

World Tea Output To Show Slight Increase in 1975

By REX E. T. DULL
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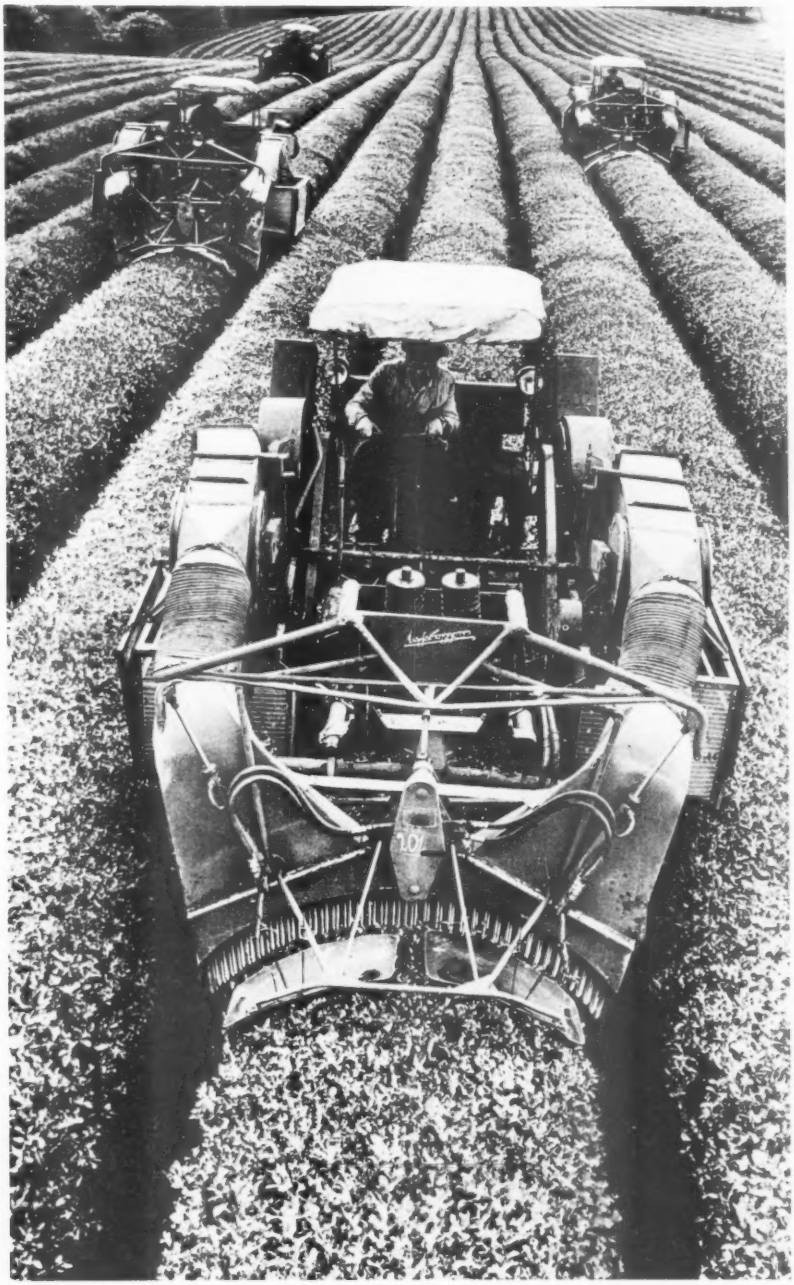


Machine harvesting of tea in the Soviet Union. World tea output is expected to be slightly higher in 1975 than a year ago.

MINOR OUTPUT increases in a number of tea producing countries are expected to offset decreases in some others to bring estimated 1975 world tea outturn to a level just slightly higher than that of 1974.

Output in Asia and Oceania—the most important producing area—is estimated to be slightly higher than that of a year earlier, while Africa's crop is also expected to show a small increase. However, South America—the least productive area—expects to harvest a record crop, reflecting greater tea output in Ecuador and Argentina. Production in the Soviet Union—mostly for domestic consumption—is also expected to be slightly higher.

Total world production in 1975 (excluding that of the People's Republic of China) is estimated at 1.269 million tons, compared with 1.262 million a year earlier. (All tons are metric.) By region, estimated 1975 tea production in Asia and Oceania is expected to increase from 1.078 million tons to 1.080 million; Africa's should rise by 1 percent to nearly 150,000 tons, and South America's by 8 percent to 39,200 tons.

The world tea supply-demand position will likely continue to be in close balance into 1976.

The sharp tea-price upturn last year resulted largely from worldwide inflation, but also because of problems in the international monetary system, higher petroleum prices that triggered production and transportation cost increases, and lower production in Sri Lanka and East Africa.

London auction prices for all teas averaged about 64 U.S. cents per pound in 1974, 38 percent over the 1973 average of about 46 cents. Prices during 1975 have continued to remain relatively high, averaging about 60 cents per pound (based on 1975 exchange rates) during the first 9 months of the year.

Preliminary data show that producer export earnings from tea in 1974 reached a record $635 million, up 16 percent over the $548 million of 1973. Export earnings in 1975 are also expected to be at high levels; however, tea revenues will likely be affected by increased fertilizer and petroleum costs, as well as the prices charged for imports from industrial nations.

Production and exports. India and Sri Lanka are the two most important Asian tea producers. In 1975, India's

tea output is expected to be down, Sri Lanka's up.

The drop in Indian production—the result of less favorable weather conditions in 1975—is expected to result in a crop of 480,000 tons, compared with the record 1974 harvest of 492,000 tons. Harvesting during the first half of 1975 amounted to only 148,400 tons, off 7 percent from the similar 1974 period when pickings totaled 160,200 tons.

India's domestic tea consumption in 1974 was placed at a record 260,000 tons, up from 248,000 tons a year earlier. Domestic usage in 1975 is expected to reach 270,000 tons.

India exported 205,909 tons of tea in 1974, with a value of about $252 million, compared with exports of 188,192 tons, valued at $190 million in 1973. Major recipients of 1974 exports were the United Kingdom, 58,754 tons; the Soviet Union, 42,109; the Netherlands, 15,548; Egypt, 12,395; and Afghanisaan, 11,151. Reduced Indian exports are anticipated for 1975 as a results of lower production and the disruption of trade relations with Sudan, which usually buys significant quantities of Indian tea.

Sri Lanka's tea production is forecast to exceed 210,000 tons, up from the poor 1974 crop of only 204,000 tons.

PRODUCTION during the first 8 months of 1975 totaled 150,703 tons, compared with 137,177 tons during the same months of 1974.

Sri Lanka's 1974 harvest was the smallest since 1960 and was attributed to poor weather, reduced fertilizer use, and to the nationalization of some large tea estates.

Preliminary data indicate that Sri Lanka's 1974 tea exports amounted to only 175,154 tons, but revised data are expected to bring this figure to about 185,000 tons. In 1973, exports were 202,515 tons. Major purchasers of Sri Lanka's tea in 1974 were the United Kingdom, 30,395 tons; Pakistan, 27,452; the United States, 15,951; and South Africa, 9,818.

Kenya's 1975 tea crop is expected to approach the record 1973 harvest of 56,600 tons. Production during the first 8 months of 1975 was about the same as that during the similar 1974 period.

Kenyan tea exports in 1974 amounted to 49,594 tons, down slightly from the 1973 record of 51,472 tons. Major export markets were the United Kingdom, the United States, the Netherlands, Pakistan, Canada, and Egypt.

South American production is forecast at an alltime high of 39,200 tons. Argentina's larger crop is estimated at 29,000 tons, 12 percent over 1974's, while Ecuador's is 1,500 tons, up from 1,300 tons a year earlier.

Imports and consumption. The United Kingdom is the world's largest importer of tea, and the United States is in No. 2 spot.

U.K. imports in 1974 amounted to 234,594 tons, up 11 percent over 1973 imports of 211,117 tons. India was the largest U.K. supplier, providing 76,570 tons, followed by Sri Lanka, with 35,607, and Kenya, with 25,116.

U.K. tea usage—the world's second largest after India's—has been declining in recent years, reflecting increased consumption of coffee and other beverages. Per capita tea consumption in the United Kingdom in 1960 was 9.3 pounds, falling to 8.6 pounds by 1970, and to 7.5 pounds in 1973. Preliminary data indicate that consumption was fractionally higher in 1974, rising to 7.8 pounds, perhaps reflecting the Government's tea sales subsidy, implemented in September 1974. With higher coffee prices in the offing, tea consumption could show an upturn in the near future.

U.S. tea imports in 1974 totaled a record 80,846 tons, valued at $79.3 million, up from 78,948 tons, valued at $69.6 million, a year earlier. Sri Lanka supplied the largest share of U.S. tea imports—43.2 million pounds—followed by Indonesia, 29.4 million; Kenya, 17.4 million; and India, 16.5 million.

Imports in 1975 will likely be down from the record 1974 level as shipments during the first 10 months of 1975 were only 60,557 tons, off 16 percent from the same 1974 period when imports were 72,007 tons. Comparative values were $74.9 million in January-October 1975 and $68.7 million in the same months a year earlier.

Per capita tea consumption in the United States continues to rise and is currently estimated at an alltime high of 0.8 pounds. The expansionary trend in U.S. tea consumption has been aided by the growing use of instant teas, including those with sugar and lemon added.

Cotton Sales Skid Cuts U.S. Exports To Hong Kong

GROWTH IN U.S. agricultural exports to Hong Kong came to an abrupt halt in fiscal 1975, as the aftershocks of recession along with plummeting sales of the major export—cotton—combined to reduce exports by a third from their fiscal 1974 record.

The decline—first in 4 years—accelerated in the last half of the year, when sales fell 42 percent to total only $62.6 million. And with prospects for U.S. cotton exports continuing bleak, the downtrend could continue in the near future, despite growing indications of a prospective pickup in Hong Kong's total trade.

The Hong Kong market of last year contrasted dramatically with fiscal 1974, when soaring demand pushed value growth of U.S. exports beyond volume growth. By fiscal 1975, however, demand had reversed itself, and falling prices were laying the basis for a sharp drop in value of shipments. The final U.S. export tally of $138.4 million, coming despite a 16 percent gain in volume, compares with a fiscal 1974 record of $203.4 million. Yet it still is more than two times the $55.8 million shipped in fiscal 1972, when the recent upsurge in sales to Hong Kong began.

Agriculture's share of U.S. exports to Hong Kong also slipped last year, after having risen to 22.7 percent in fiscal 1974 from 16.1 percent the previous year. Top ten shipments during the last half of fiscal 1975 (in thousands of U.S. dollars), compared with those in January-June 1974, were:

	1975	*1974*
Oranges	13,400	9,200
Cotton	9,000	55,400
Wheat	6,000	7,600
Poultry feeds	4,800	3,800
Chicken wings	3,800	5,100
Ginseng	3,700	4,100
Tobacco	1,600	2,700
Apples	1,400	1,200
Cattle hides	1,000	600
Lettuce	900	400

Among the U.S. markets in the Far East, Hong Kong ranked fifth last year, trailing Japan, the People's Republic of China, the Republic of Korea, and the Republic of China (Taiwan). But it was ahead of the Philippines, Indonesia, Thailand, Singapore, and Malaysia.

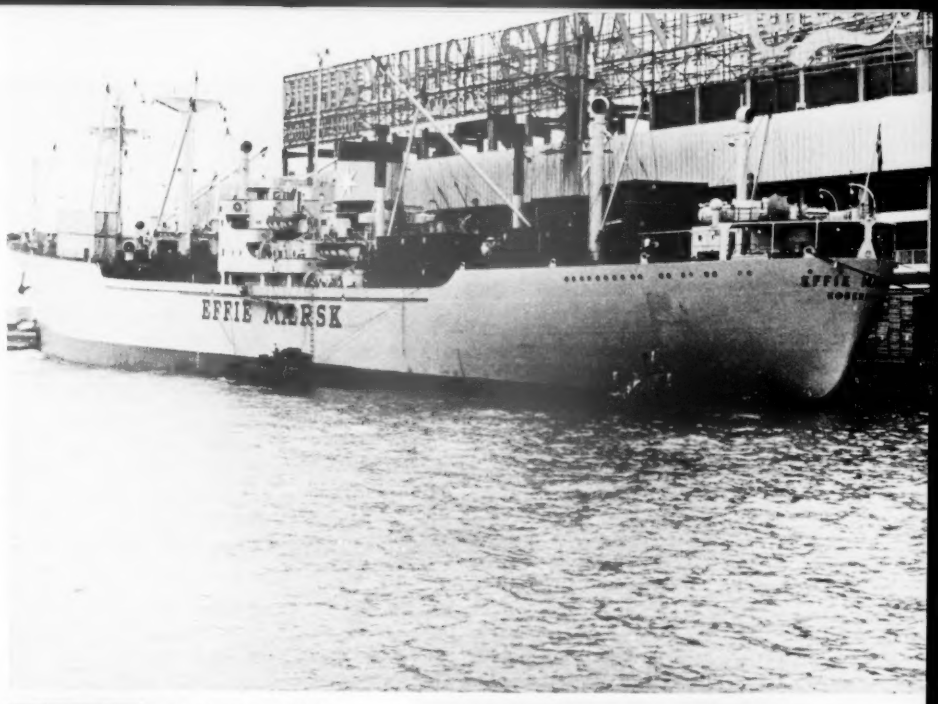
Besides reflecting U.S. cotton's dramatic fall from prominence, the drop in imports of farm products was part of a general reduction in Hong Kong's trade.

As one of the few truly laissez-faire economies in the world, Hong Kong lives by the rules of the marketplace. In times of recession, these mean declining demand—and thus consticted opportunities both for imports and for Hong King's all-important export shipments of manufactured and semi-manufactured products.

Such tendencies have been in evidence in the last year and a half. Total trade has declined steadily from $6.5 billion in January-June 1974 to $6.2 billion in July-December 1974, to $5.1 billion in January-June 1975. Far the greatest portion of this decline has been borne by Hong Kong exports—off by over $900 million since the first half of 1974—but imports also have fallen, by some $450 million.

SIMULTANEOUSLY, stagnating economies and the energy crisis cut into Hong Kong's important tourist trade. The number of tourists visiting Hong Kong declined from 653,431 in January-June 1974 to 642,031 in July-December 1974, to 611,184 in January-June 1975. However, information from the Hong Kong Tourist Association indicates an upswing in tourism since April 1975. The World Trade Center —with facilities for large conventions, exhibitions, and trade shows—opened recently and should ultimately draw more tourists.

Meanwhile, the economic hard times have prompted some changes in Colony lifestyles. The population apparently has responded to recession by shifting away from more recently introduced wheat-flour products to traditionally important rice, cutting down on consumption of poultry, and reducing use of such luxuries as ginseng and tobacco. And declining business activity has foreclosed opportunities for many new entrants into the job market, turned some long-time employees into the labor market, and served to hold wage rates static in the last year. On the positive side, inflationary pressures subsided in the first 5 months, following rapid inflation in the previous year.



Top, ship ties up at a dock at the port of Hong Kong—one of the busiest ports in the world and a major gateway for U.S. farm products to the Far East. Above, inspecting cotton at a Hong Kong warehouse.

Among the major U.S. exports, cotton normally eclipses all other agricultural shipments to Hong Kong. In the last half of fiscal 1975, however, cotton was pushed into a modest second place among the leading exports as its share of the U.S. farm trade narrowed to 14 percent from a normal 30 percent.

The start of the decline traces back to the last half of fiscal 1975, when Hong Kong imports of U.S. cotton plummeted to 36,000 bales (480-lb net) from 112,000 in the first half and 225,000 in January-June 1974. Simultaneously, the U.S. share of Hong Kong's cotton imports sank to 8.6 percent from the unusually high 55.7 percent held in January-June 1974.

The fiscal 1974 purchases of U.S. cotton were abnormally high, partly because Hong Kong turned to U.S. cotton after Pakistani shippers defaulted on contracts in 1973. However, now

that the Pakistani Government has formed a Cotton Export Corporation (CEC) that ensures fulfillment of contracts, spinners have switched back to Pakistani cotton. The return also has been encouraged by a large price gap between U.S. and Pakistani cotton, at times amounting to 600-700 points (6-7 cents per lb).

Pakistan thus became Hong Kong's major supplier in the last half of fiscal 1975, with 35.7 percent of the market. In addition, there were some surprising newcomers in the form of Japan and the PRC—normally cotton importers—who sold cotton to Hong Kong spinners when prospects for their own textile sales waned. It is not likely that these two countries will maintain their position in the market. But competition continues stiff not only from Pakistan but also from such traditional exporters as Nicaragua, Tanzania, the Sudan, Uganda, and the USSR.

Looking ahead, Hong Kong mills are expected to import another 400,000 running bales of cotton in July-December 1975. Once again little of this is expected to come from the United States.

While cotton declined, U.S. orange sales to Hong Kong rose steadily in importance last year, capturing 76.6 percent of the orange market in the last half of fiscal 1975 compared with 64 percent in the first half. Hong Kong's imports of U.S. oranges in all of fiscal 1975, however, were only about 7

Continued on page 16

U.S. FOODS PROMOTED IN HONG KONG

Two U.S. beauties—Miss America and American Indian princess Mom Sa Wa of Oregon—helped promote U.S. food products during a U.S. food fortnight in Hong Kong, October 17-November 2.

The products ran the gamut from U.S. chicken meat, corn oil, peanut butter, potato flakes, nuts, cookies, wines, and various canned fruits and vegetables displayed in Hong Kong supermarkets to hamburgers, steaks, ice creams, milk, and wines of U.S. origin prepared and served in Hong Kong hotels.

The promotion was sponsored by the USDA Agricultural Officer in Hong Kong and the American Chamber of Commerce in that city. Eleven U.S. suppliers and Hong Kong agents participated in the program, as well as Wheat Associates, Inc., (WA) and the Poultry and Egg Institute of America (PEIA)—two FAS cooperators.

To support the promotion a special menu was printed to promote U.S. food items in a major hotel's dining facilities. Shopping bags were imprinted and point-of-purchase displays were used in several of the city's top supermarkets. The supermarket promotion devices included mobile displays, special price cards, shelf hangers, bunting, color posters, and large storefront banners that advertised the promotion to passersby.

Miss America presented supermarket customers who purchased American foods with gift certificates.

The hotel menu—featured at the Hong Kong Sheraton—was designed to promote the sale of U.S. prime ribs of beef, steaks, and chops in the main dining room and U.S. ground beef and ice cream in the coffee shop. A number of other Hong Kong hotels gave special prominence to U.S. foods and wines during the 2-week period. Each participating hotel was given a supply of brochures calling attention to the event for mailing to past customers and distribution to current guests. Special lists of U.S. wines were also prepared by Hong Kong hotels.

Wheat Associates, Inc., designed a special program to promote wheat products during the fortnight, assisted by Mom Sa Wa who helped to introduce Hong Kong consumers to American-style sandwiches.

The Poultry and Egg Institute of America keyed its ongoing program to boost consumption of U.S. poultry and products to the promotion by advertising the fortnight in its regular newspaper and TV advertisements, providing samplings of chicken dishes in participating supermarkets, placing point-of-purchase materials in supermarkets and food stalls, and cooperating with a restaurant chain to promote U.S. chicken.

Port of Galveston Marks 150th Anniversary

THE PORT OF GALVESTON—traditionally important jumping-off point for U.S. agricultural exports—this year marks its 150th anniversary as a commercial enterprise, said to be the oldest in Texas.

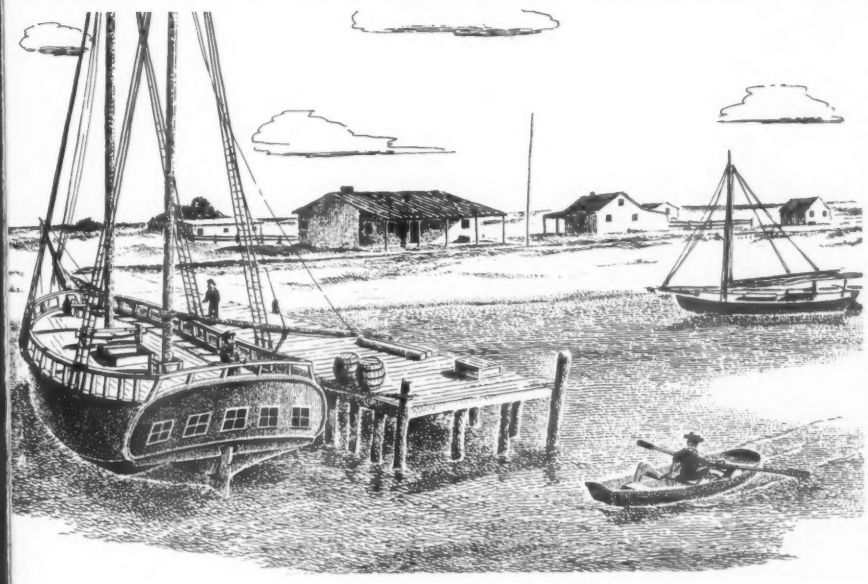
Almost since the port came into being in 1825, U.S. farm products have been the mainstay of its existence. As long ago as 1840, Texas cotton and hides destined for New Orleans and east coast ports were the primary products shipped.

Now, of Galveston's top six export commodities, five are agricultural products—cotton, wheat, flour, rice, and grain sorghum. The other is sulphur. These account for 94 percent of all export tonnage. On the import side, three commodities—sugar, plywood, and bananas—account for 91 percent of incoming volume.

Today, more than 80 steamship lines have offices or agents in Galveston, and its ships serve virtually all of the world's principal ports. Last year, some 1,200 vessels called at Galveston, which has a capacity for docking 38 ships simultaneously—28 at shedded piers and 10 at open piers, including LASH, SEABEE, and containership facilities.

Galveston's claim to the title of largest U.S. cotton-shipping port suffered a setback last year, however, when the mini-bridge system of shipping cotton overland to west coast ports diverted trade and divested Galveston of its No. 1 position. Galveston had been top U.S. cotton-exporting port since displacing New Orleans in 1942.

Despite the downturn in cotton trade, however, port traffic and income hit an alltime high in 1974. Revenues totaled $8.2 million, with net earnings rising to $1.9 million, on a record dry cargo volume of some 7 million tons. Galveston ranks as one of the gulf's largest dry volume ports. Because it has no petroleum pipelines and does not now handle bulk liquid cargo, however, tonnage is below that of many



of the other top U.S. ports.

A rebound in handling of grain exports is in view for Galveston. Construction of a new high-speed, $26-million grain elevator, with a capacity of 4 million bushels, is underway—slated for completion next year. A port-owned and leased elevator, recently completed, has already added an additional 7.8 million bushels to the port's grain export capability.

The new grain handling facilities are among many improvements that mark Galveston's anniversary year. The Galveston channel, for instance, was dredged to a 40-foot depth in 1975. New and improved facilities were constructed for container, bulk, and break-bulk cargo handling. Land was acquired to help Galveston to realize its goal of an onshore superport on nearby Pelican Island.

Galveston's long and colorful history is peopled with the ghosts of such notables as pirate Jean Lafitte, who commandeered the island to handle smuggled cargoes from 1817-1821. His infamous reign ended when one of his captains mistakenly raided a U.S. merchant ship in the latter year.

Galveston became a provisional port and customs entry point by action of the Mexican Congress on October 17, 1825, and was later the principal seaport and commercial center for the Republic of Texas. The famous Civil War battle of Galveston, fought in the harbor in 1863, resulted in an important victory for Southern forces.

The port became municipally owned in 1940 by a vote of the citizens to purchase the property and was renamed "Galveston Wharves." In 1970, the port's decision to add the sizable container facilities triggered the growth surge of the mid-1970's, which Galveston expects to continue for many years to come.

Galveston's modern container terminal jutting into the ship's channel, 1975, top, shows a SEABEE—containership that transports containers and barges between Galveston and European ports. In sharp contrast, view of Galveston Harbor in 1825, left, shows how the port looked at about the time it was made a provisional port and customs entry point by the Congress of Mexico. Vessel at left is the James Monroe, a topsail schooner or early brigantine, a type then popular for serving southern ports. In the background is the Mexican customs headquarters.

Pakistani Wheat Output Up; Sufficiency Not Imminent

By ARIF MAHMOOD
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ONE OF PAKISTAN'S primary economic goals is self-sufficiency in wheat production by 1980. It is more likely, however, that despite rising grain production, Pakistan will continue to import large quantities of wheat well beyond that year. Although Pakistan will probably continue to export surplus rice, it is expected to remain a deficit producer of wheat, coarse grains, gram (chickpeas), and pulses.

Pakistan's economy attained an annual growth rate of 6.3 percent during the Third 5-Year Plan (1965/66-1969/70), but slowed to an annual average rate of 3.8 percent during the 1970/71-1973/74 period of the Fourth Plan. The agricultural sector—although showing some improvement in recent years—remained below the Third Plan average of 4.5 percent per year.

Foodgrain production in 1970/71 and 1971/72 slipped below that of 1969/70, although production of wheat and rice—the major foodgrain crops—recorded an impressive improvement in 1973/74. But the country's population growth has at present largely offset the rise in wheat and rice output.

Pakistan is one of the most heavily populated countries in the world. The total in mid-1975 was estimated at 69.3 million and is expected to grow to 84.8 million by 1980 and to 101.3 million by 1985. Population density currently averages 210 persons per square mile.

The bulk of the population is concentrated in relatively small cultivated areas—mostly located in the Indus basin and in the watersheds of other major Pakistani rivers. There, population density ranges well above the average—from 700 to 1,000 persons per square mile—approaching the levels of such countries as the Netherlands, Belgium, Japan, and Taiwan.

However, these countries are industrialized and better able to support high levels of population, and birth rates are falling. By contrast, Pakistan's birth rate in already densely populated areas is increasing.

Population, growing at an average rate of 3 percent a year, exacerbates environmental problems that are already complex and difficult to solve. This growth accentuates the need for more food, better and more housing units, an improved medico-social infrastructure, and other amenities of life, even as the gap between national needs and the supply of goods and services continues to widen.

Despite its many problems, however, skillful use of Pakistan's tiny farms has enabled it to make impressive strides in recent years in wheat and rice production, both of which doubled in less than a decade with the adoption of high-yielding varieties (HYV), greater use of fertilizer, and improved water supplies. Wheat production increased from 3.9 million tons in 1966 to 7.8 million in 1974 but has since leveled off. Rice output rose from 1.4 million tons in 1966 to 2.4 million in 1973 and 2.2 million in 1974.

Coarse grains, on the other hand, lagged behind. In 1974, their production—at 1.5 million tons—was only 13 percent above the level of 8 years earlier. Pulse and gram output continued to stagnate, with nominal increases during these same years bringing total 1974 output to only 764,000 tons.

Foodgrains cover some 24.4 million acres, about 60 percent of Pakistan's croplands. A larger share of the total would be needed to meet the demands of the rising population—or yields increased on existing acreage.

During the 8 years that ended in 1974, foodgrain acreage increased by 14.6 percent. The 26 percent rise in wheat acreage was comparatively rapid. Land area planted to Mexican wheat varieties increased to 57 percent of total wheat acreage in 1973/74, while high-yielding rice varieties—developed by the International Rice Research Institute in the Philippines—increased to 42 percent of the total.

But despite Pakistan's impressive increases in grain production, the country

Farmers cutting rice in Pakistan. Pakistan is currently an exporter of rice, but rising population trends indicate more of the country's rice will be diverted to the domestic market in future years.

continues to depend on imports of wheat to fully meet its food requirements as population growth has steadily outpaced that of production. Pakistan's largest import volume was 1.5 million tons in 1967/68.

Most wheat imports come from the United States under P.L. 480, Title I. Financing of purchases of U.S. wheat in 1973/74 shifted to a cash and credit basis, as Pakistan's commercial purchases, a large part of them wheat, set a record. Cash purchases of grain were also strong in 1975.

Rice production exceeds domestic needs by a wide margin but Pakistan's trade pattern has changed since East Pakistan (now Bangladesh) got its independence in 1972. Since 1972/73, Pakistan has shipped its rice to world markets, earning considerable foreign exchange.

Pakistan's foodgrain requirement levels have been estimated on the basis of daily per capita consumption of 10.74 ounces of wheat, 2.49 ounces of rice, 0.84 ounce of coarse grain, and 0.91 ounce of gram and pulses. But since per capita foodgrain consumption shows significant increases during years of abundant supplies and drops off in years of shortages, these totals are relative because Pakistan's low income groups remain underfed during times of short supplies.

Wheat. The staple of the Pakistani diet, wheat will be in relatively greater demand in coming years if only population increases and all other factors remain stable. And the Government can look for little immediate relief in the form of increased production of higher protein foods such as animal and poultry products, fruits, and vegetables.

INCREASES IN THE latter's production will probably continue to be limited in the short term because of traditional production policies and the restraints on national resources that can be devoted to their development. Available land and water are being devoted principally to major food and cash crops.

Harvested wheat area jumped by 12 percent in 1968/69, averaging about 15 million acres during the next 8 years, with a maximum of just over 15 million acres in 1970/71. Yields in the 7-year period — 1968/69-1974/75 — have increased at an average rate of 223,000 tons per year, a 3-percent annual gain, based on the 1974/75 level.

Although production has shown a marked increase over the years, it has consistently fallen below consumption needs. With a continuation of the present yield trend and area levels, production by 1980 could reach between 9.1 million metric tons and 9.3 million. Wheat consumption over the past 15 years has been growing at an annual rate of 309,000 tons—3.5 percent of the 1974/75 level.

Thus, unless yields and/or area increase dramatically while the birth rate is controlled, Pakistan stands very little chance of becoming self-sufficient in wheat by 1980. In fact, with a continuation of present conditions it will face a deficit of 1.1 million metric tons to 3.2 million tons in 1980.

Rice. Pakistan exported annually 150,000-200,000 tons of high-quality basmati rice prior to 1972, in addition to the 300,000-350,000 tons of coarse varieties shipped to East Pakistan. After the two countries separated other markets were found for coarse rice. As a result, in fiscal 1973, Pakistan's exports of this grain reached a record 788,000 tons. In the following year, Pakistani rice exports fell to 505,000 tons, mainly because of a decline in surplus stocks, the result of the previous year's heavy trading.

Export trading patterns may change again in future years as more rice is diverted to the domestic market. Assuming domestic rice consumption remains at the present daily per capita level of 2.49 ounces, consumption requirements based on projected population would be 2.2 million tons in 1980 and 2.6 million tons in 1985.

On the production side, rice available for food is projected at 2.5 million tons for 1980 and 2.9 million tons for 1985, using an annual growth rate of 2.5 percent. These data indicate that the production growth rate is slow and will result in minimal availabilities in 1980 and 1985. Based on these figures, Pakistan would have 364,000 and 263,000 tons of exportable rice in the 2 years, less than the amount now being exported. If wheat surpluses develop during the 1980-85 period, they might reduce the pressure on rice stocks. But for exports of rice to remain at present levels, rice output must be boosted to a higher level than presently expected.

Coarse grains. Coarse grain crops are grown mostly for animal feed or green fodder, although large amounts are used for food in Baluchistan, the Frontier Province, and in the hilly areas of Azad Kashmir, where wheat supplies are insufficient.

To outward appearances, it seems that Pakistan produces sufficient coarse grains for most of its domestic requirements, but, in fact, there are hidden shortages. Under normal conditions, these shortages are compensated for through adjustments of the relative shares going into feed, for example, and the amount of supplementary wheat and rice that are consumed.

THE COUNTRY WILL continue to be short of coarse grains for at least the next 10 years, with the shortfall projected at about 102,000 tons by 1980. Anticipating higher food requirements in the ensuing years, the gap between domestic consumption and production is likely to widen to 167,000 tons by 1985.

Eventual expansion of poultry and livestock industries will also put additional pressure on coarse grain stocks. With an annual growth rate of 2.5 percent, coarse grain outturn is projected at 635,000 tons for human consumption in 1980 and 712,000 tons in 1985, against respective consumption requirements of 737,000 and 879,000 tons for these years.

The coarse grain production-consumption gap will continue to widen, perhaps even after 1985, if yield remains closely tied to the present inadequate rate of fertilizer application. And continuing lack of farmer and Government interest in coarse grain output will forestall any sizable production jump.

Gram and pulses. At the current 0.91 ounce daily per capita consumption of gram and pulses, total usage will increase to 799,000 and 952,000 tons by 1980 and 1985, respectively, against production projected at 731,000 and 786,000 for the same years, using an annual production growth rate of 1.5 percent. At these levels, there will still be a 68,000-ton shortfall by 1980 and it is likely to increase to 166,000 tons by 1985.

If the Government fails to initiate programs to boost the outturn of gram and pulses, Pakistan faces a possible protein shortage in future years since they are the country's second most important source of protein, preceded only by cereals. In the face of these deficits, unless pulses and gram are imported, the Pakistani per capita intake may drop below the current level.

Cocoa Output Emphasized In Nigeria

BECAUSE petroleum is a depletable resource, Nigeria is trying to boost agricultural production in order to take up any financial slack that becomes apparent. The farm sector is being strengthened so as to provide continuing employment for the majority of the population, supply the country's food and fiber needs, and assume a more important role as an earner of foreign exchange.

One commodity receiving special attention is cocoa, of which Nigeria is the world's third largest producer after Ghana and the Ivory Coast. In 1971, the Western State—producer of 90 percent of Nigeria's cocoa—began, with World Bank assistance, a pilot project to rehabilitate and/or replant 43,500 acres of cocoa. Two years later, the State and the Bank agreed to increase the area to 105,000 acres—including some in the Mid-Western State—with the life of the project to run from 1971 to 1977, at an additional cost of $35.7 million. Now underway, the program will soon enter its second phase and provide loans and supplies—plus supporting extension services—to some 28,000 farmers.

Because of the importance of cocoa to the country's agricultural economy, Nigeria's Third National Development Plan (1975-80) has earmarked an additional $15 million for tree plantings on some 90,000 acres more during the plan period.

It is estimated that successful completion of these projects will increase Nigeria's cocoa production by nearly 70,000 metric tons.

To encourage farmer interest, the Nigerian Government has increased the producer price to $1,069 per metric ton —48.5 cents per pound. This is the highest price paid by any West African cocoa-producing country. Also, the Government substantially subsidizes the cost of fungicides, insecticides, and fertilizers.

Cocoa has been Nigeria's main agricultural export during the past 10 years, serving as a mainstay of the Nigerian economy until the fairly recent oil boom. During the 1970's, overall agricultural export earnings have declined, while oil exports have soared astronomically and now make up some 92 percent of total export earnings.

Cocoa production is an old standby in Nigeria, the first trees having been introduced in 1847. Cocoa exports have risen from 15,000 metric tons in 1916 to 100,000 tons in 1937, and reached an alltime high of 310,000 tons in 1965. In 1971, exports sagged to 272,000 tons, and, because of bad weather and aging trees, averaged only 202,000 tons in 1973 and 1974.

The United States is an important customer for Nigerian cocoa beans and cocoa products. U.S. imports of cocoa beans from Nigeria in 1974 were 22,389 metric tons valued at $28.2 million, compared with 46,059 tons valued at $36.4 million in 1973.

U.S. imports of Nigerian cocoa butter and unsweetened cocoa cake/powder in 1974 totaled $8.7 million, compared with 1973 imports of $5.5 million.

Abetting Nigeria's cocoa industry's growth is the Cocoa Research Institute of Nigeria (CRIN), with headquarters in the Western State and six substations scattered throughout the rest of the country. CRIN provides improved seedlings and carries out research on methods to combat cocoa pests and diseases. The U.S. Chocolate Manufacturers Association provides part of CRIN's operating funds—an investment to help insure a reliable cocoa supply.

World cocoa prices are notoriously unstable, as both exporting and importing countries are aware. During the past 2 years the cocoa industry has been plagued by shortages that sent prices soaring to record levels and usage in consuming countries tumbling—developments neither in the interest of the importer or the exporter.

Nigeria's cocoa expansion program would help assure the trade of a more adequate cocoa supply in the years ahead. Nigeria also believes the International Cocoa Agreement is necessary in order to stabilize the market and enable producing countries to better allocate their resources.

—By ODIGIE ONIHA
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Liberia To Increase Imports of U.S. Rice

Liberia's imports of U.S. rice, which in 1974/75 were 33 percent greater than in the previous year, are expected to increase further in 1975/76 because of a crop shortfall resulting from excessive rain this year.

Parboiled rice is preferred in urban Liberia. Even with increases in the retail price per 100 pounds from $8 in 1971/72 to $16 in 1972/73 and $24 in 1974/75, imports of U.S. long-grain rice expanded from 21,000 metric tons in 1973/74 to about 28,000 tons in 1974/75.

The United States supplied all of Liberia's rice imports in 1974/75, compared with 80 percent in 1973/74.

In addition to direct imports from the United States, Liberia this year purchased nearly 1,000 tons of U.S. rice re-exported from Sierra Leone and 11,000 tons through Singapore that had been destined for Southeast Asia.

Liberian rice production rose 8 percent in 1974/75 over that of 1973/74, but 1975/76 outturns are expected to be 10 percent lower than those of 1974/75 because of the abandonment of many plots that were not ready when unusually heavy rains fell earlier this year. These abandonments decreased total acreage by 5-10 percent.

Although Liberia's population is increasing by 3 percent annually and per capita consumption of rice is expanding by about 1 percent annually, imports of rice are expected to begin declining in 1976/77 as the Government's new rice production program takes effect. Rice is the staple diet in Liberia.

Liberia hopes to be self-sufficient in rice by 1980. To obtain this objective, the Liberian Ministry of Agriculture is:

- Encouraging farmers to grow rice in the lowlands, where yields are much higher than in the uplands;
- Distributing an improved high-yield variety of upland rice (LAC-23) to farmers;
- Providing technical assistance for clearing and cultivating land. Much of Liberia's land clearing is necessarily done by hand because the deep, swampy soils will not support heavy machinery. The use of animal traction is almost unknown because of the prevalence of tsetse fly.

—Based on report from
Office of U.S. Agricultural Attaché,
Monrovia

CROPS & MARKETS

DAIRY • POULTRY

EC Offers NFDM for Export in Feed. The EC is considering subsidized export—by release of milk from intervention stocks at concessional prices—of nonfat dry milk in mixed feed as a means of partially relieving its surplus position in powder. The program—operating on a tender basis during December—would release deteriorated powder from intervention stocks to successful bidders who would incorporate it in compounded feed for export. Up to 36,000 tons could fall in this category, and another 36,000 tons may be allocated for feed use within the EC.

Peru Plans Dairy Imports. Peru is inviting bids on tenders for delivery of dairy products in January-June 1976. To relieve internal milk shortages, delivery is sought for 13,000 metric tons of nonfat dry milk, 5,000 tons of butter oil, 200 tons of whey powder, and 200 tons of dry whole milk for ice cream. An additional 300 tons of fortified dry whole milk are sought for direct human use, following good consumer acceptance of a prior delivery.

Because the general world supply situation of these dairy products ranges from surplus to adequate, prices for export are generally below prevailing U.S. prices, and the United States therefore is not likely to share in this trade. New Zealand has heretofore been the predominant external dairy supplier to Peru.

Milk Price Increase Sought in Italy. In Italy, the only EC country deficient in production of milk, dairy farmers are seeking a 20 percent increase from their present price of 250 lire per liter for fluid milk ($17 per 100 pounds). These prices sharply exceed the EC target price, which in Italy is the equivalent of $9.59 per 100 pounds and which ranges between $9.48 and $10.92 in other EC countries (excluding the new EC members, which are on transitional prices).

New Zealand NFDM to Vietnam. New Zealand has pledged NZ$10 million in aid to Vietnam over the next 5 years, principally in the form of nonfat dry milk to be channeled through various international organizations.

GRAINS • FEEDS • PULSES • SEEDS

Corn, Wheat Shipments to the USSR. Based on available reported and projected loadings, corn and wheat shipments to the USSR from all origins are currently estimated to reach about 6.5 million metric tons for the October-December quarter. The United States is projected to ship about 5.1 million tons, or almost 80 percent of that total. October was the peak month, when 2.7 million tons were loaded from all origins. If the quarterly rate were continued for the remainder of the fiscal year, a total of 26 million tons would be shipped to the USSR on an annual basis from all origins.

Mexico's Feedgrain Imports To Decrease. A sharp rebound in Mexico's corn production has significantly reduced that country's import requirements for feedgrains in the 1975/76 season (October-September). With corn production up by 17 percent over the poor 1974 harvest, combined imports of corn and grain sorghum currently are estimated at 2.2 million metric tons, compared with almost 2.8 million tons in 1974/75. However, imports of grain sorghum during 1975/76 are projected at 700,000 tons, 24 percent over the 1974/75 level.

Rotterdam Grain Prices and Levies. Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 15	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	(1)	(1)	6.29
USSR SKS-14	(1)	(1)	(1)
French Feed Milling [2]	3.48	+7	(1)
U.S. No. 2 Dark Northern Spring: 14 percent	4.84	−26	6.15
U.S. No. 2 Hard Winter: 13.5 percent	4.50	−25	5.91
No. 3 Hard Amber Durum	5.66	−8	8.03
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	3.72	−26	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	2.92	−16	4.05
French Maize [2]	3.25	−4	(1)
Argentine Plate corn	3.53	−1	4.34
U.S. No. 2 sorghum	2.90	−17	4.11
Argentine-Granifero sorghum	3.06	−16	4.21
U.S. No. 3 Feed barley	3.00	−20	3.92
Soybeans:			
Brazilian [3]	5.09	−35	(1)
U.S. No. 2 Yellow	4.86	−23	7.96
EC import levies:			
Wheat	1.14	+2	0
Corn	1.07	+17	0
Sorghum	.98	+13	0

[1] Not quoted. [2] Basis c.i.f. west coast, England. [3] May delivery. NOTE: Price basis 30- to 60-day delivery.

LIVESTOCK • PRODUCTS

Australian Cattle Prices Slump. Cattle prices slumped sharply at Australian country auctions in late November, and there is concern that prices may ease further in the weeks ahead. Low prices are attributed to the early curtailment of shipments to the United States. (U.S. imports of Australian meat were halted when Australia's voluntary restraint level was reached.) Packing plants have closed earlier in the shipping year than usual.

Fear of further price declines results from a dispute between the Australian Meat Board (AMB) and shipping companies over freight rates for meat. Four of seven companies operating between Australian and U.S. east coast and gulf ports agreed to withdraw from the shipping conference and to negotiate freight rates directly with the AMB. The other three filed complaints with the United States and Australian Governments against the four companies and the AMB, charging these actions were in violation of the Australian Shipping Act

and the U.S. Merchant Marine Act. Since the complaints were filed, one of the four companies has reversed its decision to negotiate directly with the AMB.

Prior to the shipping dispute, it was anticipated that withdrawals from bonded warehouses of Australian beef plus arrivals for direct entry in 1976 would seriously depress U.S. January prices for imported boneless beef. Now, however, any price-depressing effect on imported beef is likely to be delayed and the shipping dispute may cause January prices for imported beef to rise.

New Zealand's Meat Stabilization Plan. The New Zealand Government and the New Zealand Meat Producers' Board have announced their agreement on a permanent price stabilization scheme for meat to cushion farm income against fluctuations in export prices. A price committee is to fix minimum prices for all classes of meat each season in a band 10 percent above and below a moving 3-year average of market prices and a forecast market price for the coming season. In times of depressed prices, producer income would be boosted from the stabilization account, and in times of high prices returns would be reduced by payments to the account. The scheme likely will be dependent initially upon the New Zealand Treasury for funds, although in theory it will be self-balancing over a period of time. The New Zealand Government customarily provides financing to industry organizations such as the Meat Board at low interest rates.

OILSEEDS • PRODUCTS

Large Soviet Soybean Crop Indicated. Data recently reported from Primorskiy Kray, in the Soviet Far East, plus harvest reports from two other major USSR soybean-producing areas suggest a 1975 Soviet soybean harvest of about 700,000 metric tons. By November 17, the Soviets had harvested 100,000 tons of soybeans in Primorskiy Kray. Earlier data for Amur Oblast and Khabarovskiy Kray indicated that the Soviets were procuring large quantities of soybeans in these areas, suggesting an excellent harvest. Reported procurements so far have totaled 500,000 tons. Soybeans are grown in a few other areas of the USSR, such as eastern Kazakhstan, although seeded areas are relatively small. Harvest data for these areas have not yet been reported. On-farm use of soybeans usually accounts for more than 200,000 tons annually (in 1974, 232,000 tons).

CCC Credit for Pakistan. The Commodity Credit Corporation has extended a new $25 million line of credit to finance export sales of vegetable oils to Pakistan. Credit terms provide for 3-year financing, and the export authorization period is effective through June 30, 1976. Interest rates under the CCC program are 8 percent for U.S. bank obligations and 9 percent for foreign bank obligations.

World Olive Oil Production and Trade Up. World olive oil production during 1975/76 (November-October) is estimated at 1,649,000 metric tons, up 294,000 tons or 22 percent from 1974/75 production of 1,535,000 tons. Production in the major producing-exporting countries (Mediterranean Basin and Argentina (is estimated at 1,591,000 tons for 1975/76, up 276,000, or 21 percent, from the 1974/75 production of 1,315,000 tons and down 3,000 tons from the 1973/74 production of 1,594,000 tons. Net exports from the Mediterranean Basin and Argentina are estimated at 63,000 tons in calendar 1975 and forecast at 80,000 tons in 1976.

Most of the year-to-year variation in olive oil output is the result of the biennial production cycle of olive trees. Yields in "on" years are markedly higher than those of "off" years.

FRUIT • NUTS • VEGETABLES

Western Europe Imports U.S. Pears. First-of-season U.S. pears began arriving in Rotterdam in late November, and market opportunities for additional imports of U.S. pears by West European countries are viewed as favorable. Western Europe's 1975 pear crop was 6 percent smaller than 1974's, and prices are high.

Import opportunities in Western Europe for U.S. grapes during the winter months also are viewed as good, particularly since the late variety of Spanish Ohanes grapes is in short supply. Glasshouse grape production has decreased further in the Netherlands, and the Dutch are, as a result, more dependant upon imports.

Western Europe is, however, oversupplied with apples in the 1975/76 season. Prices in the Netherlands have dropped appreciably. The EC has taken about 250,000 metric tons into intervention stocks. It is not likely that apple prices will be sufficiently high to attract importation of U.S. apples this season.

Malaysia's Pineapple Trade Dips. The Malaysian canned pineapple industry is plagued with problems that have resulted in lower output in recent years. Soft demand because of the world economic situation and increasing competition from lower cost producers are primary factors. Increased Government subsidies for replanting have failed to produce substantial restoration of growing areas. Profits have not been sufficiently attractive, causing smaller growers to move to higher paying jobs in urban areas. The Government's replanting subsidy probably will continue to be less than effective until demand increases.

Area planted in 1974 was estimated at 21,822 hectares, down by 3 percent from that of 1973. Pineapple output destined for processing was placed at 54,625 metric tons in 1974, slightly lower than 1973's and 12 percent below the recent 5-year average. For the first half of 1975, fresh pineapple output stood at 24,160 tons, a 29 percent decline compared with the same period of 1974. This lower 1975 output was precipitated primarily by processors' reaction to dampened demand and smaller output. Production has been further lowered by smaller fruit size, which adversely affects recovery rate. Fresh pineapple production in 1975 may be smaller by as much as 20 percent from that of 1974.

The 1975 official farm price of fresh pineapple was equal to $30.90 per ton—the same as in the previous year. This farm price is not likely to increase for 1976.

At the processing level, output for 1975 is estimated at 43,000 tons, down by about 21 percent from that of a year earlier.

More than 90 percent of the pineapple pack moves to export markets. In 1974, exports of canned pineapples were pegged. at 52,384 tons, up from those of 1973 by 3 percent. Leading markets in 1974 were the United Kingdom with 36 percent of total exports; West Germany and the United States,

12 percent each; and New Zealand, 6 percent. From 1973 to 1974 exports to the United Kingdom dropped by 12 percent, while movement to West Germany increased by 109 percent. In contrast, first-half 1975 export movements slowed, totaling 18,000 tons and off by 40 percent from the comparable 1974 period. Stocks in the major consumption countries are now virtually nil and are likely to be replenished only moderately. Total 1975 exports from Malaysia are likely to be 20-25 percent below the 1974 level.

Another problem area is future accessibility of the EC market as higher import tariffs are imposed. Malaysia and other Asian pineapple producers have requested liberalization of import restrictions by the EC on canned pineapples.

Philippines Increases Pineapple Output. Philippine production of fresh pineapple during 1975/76 is forecast at 381,840 metric tons, up 6 percent from the year-earlier level. A large part of this increase is expected to move to the Japanese market in the fresh form.

About 83 percent of the 1975/76 forecast production of pineapple probably will be processed, yielding 158,090 tons of canned product, up by 4 percent from the year-ago level.

Export sales have been growing, accounting for about 64 percent of the total 1975/76 supply. Most of the increase in these exports is expected to be in fresh pineapple shiments.

Canned pineapple exports for 1975/76 are placed at 213,767 tons, ahead of last year's by only 4 percent. The United States is the leading export market, accounting for about 63 percent of total Philippine canned pineapple exports, followed by Japan and the Netherlands with 7 percent each.

Philippine exports of canned pineapple in calendar 1975 are placed at 125,000 tons, near last year's level. Exports during calendar 1975 of single-strength pineapple juice and concentrate are projected at 18,000 and 10,700 tons, above the 1974 levels by 38 and 5 percent, respectively.

Virtually all of fresh pineapple exports are shipped to Japan. Exports of fresh pineapples to Japan during calendar 1975 are forecast at 45,000 tons, up from last year's level by 57 percent. The Japanese market has a strong growth potential in fresh pineapple consumption, and producers in the Philippines are gearing up for this increase.

Average export price for canned pineapple in calendar 1974 was $244.20 per ton, f.o.b. Philippines, and for fresh pineapple the average price was $42 per ton, f.o.b. Philippines.

COTTON

Coarse-Count Cotton Prices Firm. Smaller acreage and recent poor weather have reduced 1975/76 cotton crop estimates in several countries producing cotton suitable for coarse-count yarns. Those qualities are currently most in demand in foreign textile centers such as Hong Kong and Taiwan.

The reduced supply outlook for those qualities in the United States, Pakistan, Brazil, and Turkey—the main producing countries—boosted world values nearly 2 cents per pound in the last week of November, bringing prices to the highest level in nearly 18 months and 13 cents above last February's lows. At an average c.i.f. northern Europe price of 53.10 cents on December 1, those qualities were 2.5 cents per pound below slightly firmer medium-count qualities, compared with an average 6.4-cents-per-pound point spread for the 1974-75 season in major West European textile centers.

U.S. and Pakistan coarse-count qualities, both uncompetitively priced, are not currently offered for export, and selling pressure in the other two countries is light. Prices at origin in all four countries are firm, and domestic demand is reported strong. These countries are significant exporters of both cotton and textiles.

Japanese Textile Missions to PRC. Two Japanese textile missions visited several cotton-producing regions in the People's Republic of China (PRC) in late October and early November. Main purpose of the visits was to assess PRC cotton export potential and capacity to maintain a continuity of supply following purchases by Japan of 50,000 bales of PRC cotton. The teams reportedly did not make further purchases during their visits. After surveying the PRC's current and potential cotton production and spinning capacity, the teams reported that about one-third of the PRC crop was suitable for coarse-count yarns, and about two-thirds for medium-count yarns. Cotton quality was generally considered good. The teams were told that production surpassed 10 million bales for the second consecutive year.

TOBACCO

World Tobacco Production Sets New Record. Because of larger harvests in the United States, Brazil, and several other major tobacco producers, the world's 1975 tobacco crop reached a new record of 11.6 billion pounds, 200 million pounds or 2 percent above the 1974 harvest. Increases in cigarette types during 1975 were significant in flue-cured and burley but modest in orientals. However, these increases, combined with the smallest growth rate in 5 years in cigarette output, have changed the world tobacco economy from one of tight supply and record high producer prices during the two previous seasons to that of improved stock positions in producing and consuming countries and lower producer prices.

Weather reduced yields and quality of the 1975 crop in the United States, India, and some other countries. Of the major non-Communist producers, Brazil registered the highest growth rate among light oriental types and Greece was the highest in oriental. For the People's Republic of China, estimates are for a smaller crop in 1975 than the record 1974 output.

Ontario Tobacco Auctions Close. Ontario's flue-cured tobacco growers have voted to shut down the tobacco auctions at Tillsonburg, Delhi, and Aylmer for an indefinite period. The decision follows price offers by tobacco buyers during the first 15 days of selling that averaged just over 86 Canadian cents per pound, well below the guaranteed minmum of 94 cents agreed to in the spring by the Canadian Tobacco Manufacturers' Council (CTMC) and the Ontario Flue-Cured Tobacco Growers' Marketing Board (OFCTGMB). Present price offerings compare with 92.5 cents per pound at the same time last year.

Although the CTMC is obligated to make up the difference if the price for the entire crop falls below the guaranteed minimum, growers claim that rising costs and bank loan commitments cannot be met at the present price levels. OFCTGMB has agreed to meet with representatives of the CTMC to discuss tobacco prices before reopening the auctions.

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U.S. Fats and Oils Exports

Continued from page 3

ward and further gains appear likely. Brazilian soybean yields have in recent years averaged about 10 to 15 percent under U.S. yields, but that gap seems to be narrowing.

In 1976, soybean acreage expansion in Brazil could get yet another boost as coffee producers plant some of their frost-killed coffee acreage in soybeans. The Brazilian Government has guaranteed soybean growers a minimum price of 75 cruzeiros per 60 kilogram bag for the 1976 crop, compared with 60 per bag in 1975. Thus, in current U.S. dollar equivalents, Brazilian farmers will receive a minimum of $4.07 per bushel in 1976 compared with $3.89 a year earlier. The small relative change reflects the fact that Brazilian currency has been devalued against the U.S. dollar by some 20 percent in the past year.

A third competitive factor, which has been cyclical in nature, is the sharply expanding copra and coconut oil exports from the Philippines. This gain, which largely reflects improved rainfall, is increasing competition this year and will continue to do so in 1976. Like palm oil, a sizable part of this increase may find a home in the United States if prices remain strongly competitive.

Yet another factor: Canadian rapeseed production is making a comeback this year on increased acreage. Competition from this crop has been strong from time to time in Japan, Europe, and other markets. Finally, expanding peanut production in Nigeria and Senegal will likely lead to some stepped-up competition in European markets.

U.S. Exports to Hong Kong

Continued from page 8

percent above the previous year's 1,888,000 hundredweight. Major competitors continued to be the People's Republic of China, with 13.2 percent of the market; Taiwan, 6.8 percent; and Israel, 2 percent.

By contrast, U.S. lemon shipments to Hong Kong plunged 30 percent in the second half of fiscal 1975, while shipments of grapefruit remained virtually static.

Belt-tightening contributed to sharp declines in Hong Kong's wheat imports in the last half of fiscal 1975—off 30.3 percent from fiscal 1974—but full year takings of U.S. wheat were actually up on a volume basis to slightly over 80,000 metric tons from 73,000 in fiscal 1974. The U.S. growth came as share of the market rose to a peak 76.1 percent in July-December 1974 from 62.3 percent in the same period of 1973. In the last half of the year, the share stood at 71.9 percent, compared with 53.8 percent in January-June 1974, but volume of sales was down in that period, as was value.

Local millers believe another 50,000 metric tons of wheat will be imported in the first half of fiscal 1976, with prospects for sales of U.S. wheat looking good.

After making an unusually large purchase of U.S. rice in the first half of fiscal 1974—61,344 tons, or 29 percent of all imports—Hong Kong reduced such imports to only 500 tons in the last half of fiscal 1975. The reduction came when Hong Kong returned to more normal buying patterns after having made heavy purchases of U.S. rice during the Asian rice shortfall.

As is traditionally the case, imports from the United States were overshadowed by those from the People's Republic of China and Thailand, which last year held 54.6 and 39.6 percent of the market, respectively.

Prospects for sales of U.S. rice continue bleak for the first half of fiscal 1976 since the c&f Hong Kong price of U.S. rice is about $90 per metric ton above that for Thai rice.

Hong Kong has also recently cut back on its imports of fresh, chilled and frozen chickens, as well as on takings of poultry wings—the main product moving from the United States. Imports of the latter declined from a peak 6,452 metric tons in January-June 1974 to 5,548 tons in the same period of 1975, while U.S. share of the market slipped from 71.2 percent to 65.5 percent. Major U.S. competitors were the Netherlands, West Germany, Canada, and Denmark.

On the bright side, U.S. eggs moved to Hong Kong throughout fiscal 1975 after having gained a small foothold in that market a year earlier. During fiscal 1975, Hong Kong's imports of U.S. eggs totaled around 166,000 gross, or about 2.5 percent of total imports. The People's Republic of China, by contrast, dominated the market, supplying close to 90 percent of all egg imports in fiscal 1975. Other suppliers were Thailand and South Korea.

—Based on a dispatch from
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